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December 29, 2023

Via ECF

Honorable David S. Jones
United States Bankruptcy Court
Southern District of New York
One Bowling Green, Courtroom 701
New York, NY 10004-1408

**Re: *In re Ascentra Holdings, Inc. (In Official Liquidation)*, Case No. 21-11854
Fourth Letter to Court Re Status Report**

To the Honorable David S. Jones:

Pursuant to the Court's *Scheduling Order* [ECF No. 23], I write on behalf of Graham Robinson and Ivy Chua Suk Lin, the duly appointed joint official liquidators and foreign representatives (the "**Liquidators**" or "**Foreign Representatives**") of Ascentra Holdings, Inc. (In Official Liquidation) ("**Ascentra**") in the above-referenced case and submit this letter stating (a) the procedural status and nature of activities in this case and the Cayman Proceeding (defined below), and (b) what is anticipated in the ensuing six months.

At a status conference held before this Court on December 21, 2023 (the "**Status Conference**"), I presented to the Court an overview of the actions that the Liquidators have undertaken in furtherance of their statutory obligations under Cayman Islands law to preserve and collect Ascentra's assets for the benefit of its stakeholders—creditors and contributories (*i.e.*, shareholders)—and to distribute those assets in accordance with the Cayman Islands statutory priority scheme and ultimately dissolve Ascentra. The Liquidators sought recognition of Ascentra's foreign proceeding in the Cayman Islands (the "**Cayman Proceeding**") in aid of those statutory obligations. At the risk of repeating that presentation, I set out below the activities undertaken by the Liquidators in the Chapter 15 case and the Cayman Proceeding.

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The Chapter 15 Case

The Foreign Representatives assume the Court's familiarity with the prior status reports filed with this Court [ECF Nos. 26, 29, and 34] and filings related to Shang Peng Gao Ke Inc. SEZC ("**SPGK Cayman**") and SPGK Pte Ltd's ("**SPGK Singapore**", and together with SPGK Cayman referred to as, "**SPGK**") motions to (i) terminate recognition of the Cayman Proceeding and (ii) lift the restraint against SPGK regarding funds previously held by Planet Payment Solutions LLC ("**Planet Payment**") [ECF Nos. 37, 42, 62, and 64], including this Court's December 5, 2023 decision resolving discovery disputes related to SPGK's motions [ECF No. 80].

As the Court is aware, this case and the Cayman Proceeding were commenced to preserve certain assets and investigate potential assets and claims against former Ascentra officers, directors and shareholders, and third-party vendors. To aid those efforts, the Court entered an order (the "**Recognition Order**") [ECF No. 22] recognizing the Cayman Proceeding as a foreign main proceeding, which imposed an automatic stay against actions against Ascentra and its assets within the territorial jurisdiction of the United States and entrusted the collection of Ascentra's assets to the Foreign Representatives. In addition, the Recognition Order provided for additional assistance to the Foreign Representatives under section 1521 of the Bankruptcy Code by (i) authorizing the Foreign Representatives to issue subpoenas and commence document discovery and (ii) permanently restrained the transfer of funds held by Planet Payment (the "**Planet Payment Funds**"). Since the last status update filed with the Court on June 30, 2023 [ECF No. 34], Ascentra, SPGK, and Planet Payment agreed to transfer the Planet Payment Funds into the Court's Disputed Ownership Fund (the "**Court Registry**") and the Court entered an order directing Planet Payment to pay the Planet Payment Funds into the Court Registry [ECF No. 60].

Investigation and Turnover of U.S. Assets

Ever Innovation, Inc. ("**EII**"), a California corporation, acted as operations and technology support for Ascentra and its affiliated companies. Ascentra was EII's only client and funded the entirety of EII's operations up to the date of the termination of their contractual agreement on August 31, 2021. Prior to entry of the Recognition Order, EII turned over to Ascentra all of its servers and remotely stored back-up files.

After entry of the Recognition Order, as part of its investigation into potential litigation claims, Ascentra served subpoenas on EII, its CEO, Masami Nakano, and its Chief Technology Officer, James Koshimoto, seeking documents related to work performed by Ms. Nakano and Mr. Koshimoto for an Ascentra affiliated party. Ms. Nakano also agreed to and sat for an informal interview with the Liquidators and counsel.

The Liquidators' investigation has also led to the discovery of monies held by Theodore Sanders, the former Chief Financial Officer of Ascentra. Ascentra and Mr. Sanders have agreed to escrow the funds until Mr. Sanders' claims to the funds can be adjudicated (as discussed in more detail below).

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The Liquidators have also served a subpoena on International Payout Systems Inc. as part of its investigation into the calculation, booking, and payment of sales commissions to third party “leaders” or “affiliates”, individuals that marketed and sold Ascentra products in various Asian markets.

The Cayman Proceeding

Litigation Against SPGK and its Affiliates

On September 20, 2023, the Liquidators filed an application with the Grand Court of the Cayman Islands (the “**Grand Court**”) seeking sanction (authorization) to bring claims against SPGK and its affiliates in connection with the sales proceeds paid into its bank accounts for the sale of Ascentra products. On September 25, 2023, the Grand Court sanctioned the Liquidators’ application.

On October 4, 2023, the Liquidators filed a Writ of Summons and Statement of Claim under case reference FSD 300 of 2023 (the “**Litigation**”) in the Grand Court against Ryunosuke Yoshida, SPGK, Growth Today, Inc., and Scuderia Bianco Pte Ltd. (the “**Defendants**”). An Amended Writ of Summons and Amended Statement of Claim was filed on October 11, 2023, and the Defendants acknowledged service of the Amended Statement of Claim on October 25, 2023, and submitted to the jurisdiction of the Cayman Islands. As reported to this Court [ECF No. 77], the Amended Statement of Claim alleges multiple claims against the Defendants, including breach of fiduciary duty, unjust enrichment and trust claims, and the lawsuit is a result of the Liquidators’ two-year investigations into claims and causes of action against Mr. Yoshida, SPGK and SPGK’s related entities. On December 22, 2023, the Defendants filed a defence and counterclaim.

Following the commencement of the Litigation, the Liquidators have been in regular correspondence with the Defendants. In particular, the Liquidators have asked the Defendants to agree to pay all of the disputed funds that are currently held in accounts in Taiwan (which, together with the funds currently held in the Court Registry, are the subject of the Litigation) into the Grand Court for their safekeeping while the dispute between the Liquidators and the Defendants is resolved, however, the Defendants have refused. Accordingly, the Liquidators have indicated that, in the absence of a consensual agreement, the Liquidators will be seeking an order from the Grand Court.

Liquidation and Dissolution of Ascentra’s Affiliates

Aside from the Litigation, the Liquidators have been proceeding with the liquidation and dissolution of Ascentra’s affiliates, including its subsidiary, HEC International Ltd. (“**HEC**”), which is the subject of an official winding up proceeding in the Cayman Islands. Mr. Graham Robinson is the sole liquidator of HEC (in such capacity, the “**Liquidator**”). As stated at the Status Conference, the Liquidator has made the initial determination that HEC is solvent, which would eventually entitle Ascentra to a dividend if the determination holds up.

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The Liquidator has been involved in defending claims asserted against HEC by SPGK Cayman, as a purported creditor. In the first instance, the Grand Court ruled in favor of HEC and denied SPGK Cayman leave to assert a proprietary claim to certain funds held by HEC. SPGK Cayman has appealed this decision. The judgment from the Cayman Islands Court of Appeal is currently pending.

Further, and in connection with the HEC liquidation, the Liquidator has been working to dissolve HEC's wholly owned Delaware subsidiary, iHealthscience, LLC ("iHS"). To that end, the Liquidator had to first wind-up iHS' Hong Kong branch, which was recently completed. The Liquidator is now completing the process of dissolving iHS under Delaware law.

The Liquidators are also in the process of liquidating a Taiwan subsidiary and a Hong Kong subsidiary, as part of the operational wind-down of the Ascentra group.

Additional Actions Undertaken by the Liquidators

The Liquidators continue to correspond with potential creditors and parties who have made claims in the liquidation by way of proof of debt. In that regard, two (2) proofs of debt filed have not yet been adjudicated because the underlying claims are based on damages in connection with warrants issued by Ascentra. Specifically, the Liquidators have not yet adjudicated these proofs of debt because, *inter alia*, the current amount of assets held by Ascentra would preclude a distribution to common shareholders. As stated in the most recent status report, the Liquidators have been in communication with these purported creditors. The Liquidators also received three (3) additional proofs of debt from Mr. Sanders on November 10, 2023, which have not yet been adjudicated. The Liquidators and their counsel have been in communication with Mr. Sanders and his Cayman counsel.

Finally, in the Singapore proceeding, on October 18, 2023, the Court of Appeal of the Republic of Singapore (the "**Court of Appeal**") reversed the High Court for the Republic of Singapore's (the "**High Court**") decision denying the Liquidators' application for recognition of the Cayman Proceeding in Singapore [ECF No. 78]. The appellate decision recognized the Cayman Proceeding. Following the decision, the Liquidators and SPGK Singapore filed written submissions on whether the recognition of the Cayman Proceeding in Singapore should be made subject to any conditions. Among others, SPGK Singapore has argued that the automatic stay under Article 20 of the Singapore Model Law should be terminated and that the Liquidators should be required to seek leave of the High Court before taking any investigation action. The Court of Appeal has yet to provide any direction on this issue.

Expectations Over the Next Six Months

In the instant case, in the next six (6) months, the Foreign Representatives will seek to finalize their investigations concerning Ascentra's assets, including their review and analysis of documents produced to date. Ascentra will be filing a reply to the Defendants' defence and a defence to the counterclaim filed in the Litigation. The Foreign Representatives' continued focus

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is to implement a strategy to wind down and close the operations of Ascentra and Ascentra's subsidiaries, including HEC and iHS.

Respectfully submitted,

/s/ John A. Pintarelli

John A. Pintarelli

Partner